

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8072**

**BILL NUMBER: SB 494**

**DATE PREPARED:** Feb 6, 2001

**BILL AMENDED:**

**SUBJECT:** Affiliated Interests of Regulated Utilities.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:**

**GENERAL  
X DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill gives the Indiana Utility Regulatory Commission (IURC) jurisdiction over an affiliated interest of a regulated utility to the extent of:

- (1) providing the IURC access to the affiliated interest's accounts and records, any part of which may apply to any transaction between the utility and the affiliated interest; and
- (2) requiring the affiliated interest to submit to the IURC any reports required by the IURC.

The bill provides that in a case in which a utility requests a change in its rates based on the utility's costs for fuel, the Utility Consumer Counselor may examine the books and records of any affiliated interest from which the utility purchases fuel to determine the price paid by the utility for the fuel. The bill provides that at the time of a quarterly or an annual examination of the books and records of a utility, the Utility Consumer Counselor may also examine the books and records of any affiliated interest from which the utility purchases fuel to determine the price paid by the utility for the fuel. The bill provides that, in ratemaking cases based on fuel costs, profits: (1) received by an affiliated interest of a utility from the sale of fuel to the utility; and (2) resulting in a rate of return for the affiliated interest that is greater than that approved for the utility; are considered revenues of the utility.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *IURC:* This bill increases the conditions which the Indiana Utility Regulatory Commission (IURC) is required to consider when a regulated electric or gas utility requests to change its fuel or gas cost charge. When determining if a utility may increase its fuel cost charge, the bill requires that, in addition to a decrease in a utility's operating expenses, the Commission must also take into account any profits received by an affiliated interest of the utility from the sale of fuel or electricity to the utility that result in the affiliated interest earning a rate of return that exceeds the rate of return authorized by the Commission. This provision is not expected to have a significant impact on the IURC.

*OUCC*: The bill would require the Office of the Utility Consumer Counselor (OUCC) to examine the books and records of any affiliated interest from which the utility purchases fuel to determine the price paid by the utility for the fuel. The Counselor's office may also examine the books and records of any affiliated interest from which the utility purchases fuel to determine the price paid by the utility for the fuel when performing an annual or quarterly evaluation. Under current law, the OUCC only examines the books and records of the regulated utility.

This bill could increase the OUCC's administrative costs, depending on the number of affiliated interests that would have to be investigated. The costs associated with this additional investigative responsibility are not expected to surpass the resources currently available to the Counselor.

**Explanation of State Revenues:** The Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

**Local Agencies Affected:**

**Information Sources:** Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.